(c) whether it is a fact that 8 branches in which Bhopal, Ahmedabad and Ranchi are also included, of this public undertaking have been closed due to corruption and irregularities;

(d) if so, the details thereof;

(e) whether Government has enquired about the reasons for closure of the branches; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) No, Sir. The Agricultural Finance Corporation Limited (AFCL), Mumbai is an autonomous body and the Board of AFCL is empowered to take its own decision within the framework of Companies Act, 1956. Government of India is not holding any share capital in AFCL.

(c) and (d) AFCL has reported that the company is passing through the process of restructuring, hence the loss making branches have been closed.

(e) and (f) Government have not enquired about reasons for closure of branches in view of (a) and (b) above.

Loans granted by MFIs

2819. SHRI SITARAM YECHURY: Will the Minister of FINANCE be pleased to state:

(a) whether Government is considering any proposals to seek collateral security to provide loans to Micro Finance Institutions (MFIs);

(b) whether there is any proposals from the Indian Banks' Association (IBA) in the background of latest financial crisis;

(c) if so, the details thereof;

(d) whether it is against the spirit of MFI system;

(e) whether Government is considering to fix a ceiling on the interest that can be charged by MFIs from the clients; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Capital Support to Micro Finance Institutions provided by National Bank for Agriculture and Rural Development (NABARD) is secured by a Demand promissory Note to be executed by the Agency in favour of NABARD. For Revolving Fund Assistance (RFA) to MFIs, NABARD insists on, the Agency is also required to execute an Agreement with NABARD, wherein the RFA is secured in the prescribed form and in the manner required by NABARD by assigning its book debts in favour of NABARD and agreeing to hypothecate its moveable assets to the extent of shortfall in RFA not covered by book debts to NABARD.

(b) IBA has reported that it has not prepared any proposal in this regard.

(c) and (d) Do not arise in view of (b) above.

(e) and (f) Micro Finance Institutions (MFIs) (Trust, Societies, Co-op. Societies) barring Non-Banking Financial Companies (NBFC)-MFIs and not for profit Sec. 25 companies registered under Companies Act 1956, are governed by respective Acts under which they are formed. Only NBFC-MFIs and not for profit Sec. 25 companies registered under Companies Act 1956 fall under the purview of the Reserve Bank of India (RBI).

As per the existing instructions issued by the RBI to banks on micro finance, the interest rate applicable to loans given by banks to micro-credit organizations or by the micro-credit organizations to Self Help Groups/member beneficiaries would be left to their discretion.

Refund of income-tax

†2820. SHRI AMIR ALAM KHAN: Will the Minister of FINANCE be pleased to state:

(a) the total number of refund applications pending with the Income-tax Department especially in Muzaffarnagar, Uttar Pradesh, for the last three tax assessment years in the country;

(b) the reasons for delay in action against refund cases;

(c) the steps being taken to improve the situation; and

(d) the total amount refunded by the Income-tax Department during the last three financial years, year-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Assessment Year-wise data with respect to returns claiming refund is not maintained because the statutory time limit to process the return of income is with reference to their receipt in Financial Year. The total number of returns claiming refund pending with the Income Tax Department as on 1.4.2009 was 38.17 lakhs. Department has processed 27.93 lakhs returns claiming refund till 31st October, 2009. The number of returns claiming refund pending for processing in the Commissionerate of Muzaffarnagar, Uttar Pradesh is 2943.

(b) Processing of returns and issuance of refund is a continuous process in the Income Tax Department. According to the provisions of the Income Tax Act, 1961, the returns received during Financial Year 2008-09 can be processed upto 31st March, 2010. Normally, after receipt of returns, processing of returns and issuance of refund (if due) are done in due course. However, in some cases difficulties are encountered primarily due to the following reasons:-

(i) Wrong quoting of PAN by the assessee in the return of income.

(ii) Illegible recording of address in the return of income by the assessee,

(iii) Non-reporting of new/altered address by the assessee to the Assessing Officer,

---

†Original notice of the question was received in Hindi.